



## U.S.-Colombia Trade Promotion Agreement

### EXECUTIVE SUMMARY

On April 9, 2008, the House Rules Committee approved a self-enacting rule that would amend Trade Promotion Authority rules to delay indefinitely the consideration of the U.S.-Colombia Trade Promotion Agreement. The self-enacting rule will be considered on the floor on April 10, 2008.

The Administration first signed the agreement with Colombia 16 months ago and has been working with Congress since then to agree on a process for consideration. In May 2007, Congressional Democrats and Republicans and the Administration reached a bipartisan compromise that was intended to provide a path to consideration of the Colombia agreement. The House Democrat Leadership will utilize a procedural maneuver to delay consideration of the agreement, preventing a straight up-or-down vote and effectively blocking consideration of the free trade agreement.

According to the U.S. Trade Representative, 92 percent of Colombian exports to the United States already enter the U.S. duty-free. U.S. exports, however, face tariffs up to 35%. The U.S.-Colombia Trade Promotion Agreement will correct this disparity to the benefit of U.S. exporters.

The Administration strongly supports approval of the U.S.-Colombia Trade Promotion Agreement, arguing that it "advance[s] U.S. national security interests in a critical region" and "eliminate[s] tariffs on more than 80 percent of American exports of industrial and consumer goods."

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### FLOOR SITUATION

On April 9, 2008, the House Rules Committee approved a self-enacting rule that would amend Trade Promotion Authority rules to delay indefinitely the consideration of the U.S.-Colombia Trade Promotion Agreement. There will be one hour of debate on the rule, with time equally divided between the Majority and the Minority. It will be considered on the floor on April 10, 2008.

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### BACKGROUND

The Administration first signed the agreement with Colombia 16 months ago and has been working with Congress since then to agree on a process for consideration. In May 2007, Congressional Democrats and Republicans and the Administration reached a bipartisan compromise that was intended to provide a path to consideration of the Colombia agreement as well as the U.S.-Peru, U.S.-Panama, and U.S.-Korea Free Trade Agreements.

The bipartisan trade pact focused on concerns with issues related to labor, the environment, intellectual property, port security, and investment. In June 2007, the United States and Colombia signed a Protocol of Amendment that altered the agreement to reflect the bipartisan compromise. The House Democrat Leadership, in violation of the spirit of this compromise, will utilize a procedural maneuver to delay indefinitely the consideration of the agreement instead of allowing a straight up-or-down vote Agreement.

The United States already grants preferential treatment to imports from Colombia under the Andean Trade Preference Act (ATPA). The Andean trade preferences, which were first signed into law in 1991, give special duty-free treatment to virtually all goods imported from Bolivia, Colombia, Ecuador, and Peru.



# LEGISLATIVE DIGEST

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The trade preferences are an important component of U.S. efforts to encourage economic development in the region and to fight the illicit drug trade. In 2007, 365 Members voted to extend these preferences until March 1, 2008, and Congress then passed and the President signed another short-term extension of ATPA until 12/31/08.

In 2007, America's two-way trade with Colombia totaled \$18 billion. Total U.S. exports to Colombia in 2006 were \$6.9 billion, which was an increase of 13.2 percent from 2005. Total imports from Colombia in 2006 were \$9.6 billion, an increase of 4 percent from 2005. In 2006, the United States represented 40 percent of Colombia's export market and 26.6 percent of its import market, making it Colombia's largest trading partner.

In 2006, Colombia was the U.S.'s fifth-largest export market in the Western Hemisphere and was the United States' largest agricultural export market behind NAFTA countries. Major U.S. exports to Colombia include corn, chemicals, drilling/earth-moving machines, computers, computer parts, and communications equipment.

In addition to being an economic partner, Colombia is a critical national security ally. Since his election in 2002, Colombian President Alvaro Uribe has fought to reduce violence and promote stability in Colombia. Between 2002 and 2005, overall attacks by illegal paramilitary rebel groups against rural towns decreased by 91 percent. Additionally, homicides decreased by 37 percent, kidnappings by 78 percent, and terrorist attacks by 63 percent. Attacks against Colombia's infrastructure decreased by 60 percent. Decreases in violence, along with the trade relationship resulting from the Andean Trade Preferences Act with the United States, have strengthened the overall Colombian economy and have helped decrease unemployment rates to 9.4 percent from 15.1 percent in 2007.

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## SUMMARY OF RULE CHANGE

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Floor Procedure: The resolution would eliminate the mandatory timetable specified in Trade Promotion Authority rules for consideration of trade agreements.

*Note: Trade Promotion Authority (TPA) provides the legal framework for consideration of trade agreements negotiated by the executive branch. Although TPA expired last June, negotiations for the Colombia Free Trade Agreement were completed prior to expiration; therefore TPA rules still apply. The TPA framework requires an up-or-down vote on trade agreements, without amendment, within 90 legislative days of submission to Congress by the President. The President submitted the agreement to Congress on April 8, 2008, over 500 days from when the agreement was first signed with the Colombians in November 2006.*

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## SUMMARY OF THE FREE TRADE AGREEMENT

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Consumer and Industrial Products: Over 80 percent of American consumer and industrial products would be duty-free immediately. An additional 7 percent would become duty-free within 5 years, with all consumer and industrial products being duty-free within 10 years.

As part of the agreement, Colombia would join the [WTO's Information Technology Agreement](#) (ITA), which would implement a tariff cutting mechanism for imports of information technology products into Colombia.

Agriculture: The agreement would provide immediate duty-free access for 77 percent of U.S. agricultural products, including cotton, soybeans, many fruits and vegetables, and high quality beef. It would also provide greater access for many other products, including pork, corn, poultry, rice, and dairy. For sugar,



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the United States would allow the duty-free importation of 50,000 metric tons from Colombia. Safeguards are included to ensure proper standards and inspections for food safety.

*Note: While over 99 percent of Colombia's agricultural exports to the U.S. receive duty-free treatment today, no U.S. agricultural exports to Colombia enjoy duty-free access.*

Services: Under the agreement, U.S. services firms would benefit from substantial market access to Colombia's service sectors. Colombia has agreed to exceed its WTO services commitments and to dismantle significant services and investment barriers.

Textiles and Apparel: Under the agreement, textiles and apparel products would be duty-free and quota-free immediately as long as the products meet the agreement's rule of origin, which are generally based on the yarn forward standard.

*Note: The yarn forward standard is intended to promote production and economic integration between the United States and Colombia.*

The agreement provides an exception process for items that are in short supply. It also establishes customs cooperation commitments to provide the framework for verifying claims of origin or preferential treatment.

Labor: The agreement would require both countries to adopt and enforce internationally recognized core labor rights, as stated in the 1998 [International Labor Organization \(ILO\)](#) Declaration on the Fundamental Principles and Rights to Work. To utilize the dispute settlement mechanisms of the agreement, violations of the labor standards must be sustained and related to U.S.-Colombia trade or investment and can be brought only by the governments of the United States and Colombia, not private parties. State laws in the United States would not be affected. It would also establish a mechanism for the United States and Colombia to work together to promote fundamental labor rights.

*Note: "Colombia's transformation to an increasingly stable and prosperous democracy is one of the world's great victories for human rights. Still, this progress has been accompanied by violent crimes, including the murder of labor leaders and other innocent people...Since 2002, the murder of trade unionists has fallen by nearly 80%. But as President Uribe has rightly said, when it comes to murders and crimes against innocent Colombians, his goal is 'zero.'" (Secretary of State Condoleezza Rice, 4/07/2008)*

Environment: The U.S.-Colombia Trade Promotion Agreement would require the United States and Colombia to fully implement and enforce their environmental laws and regulations. It would also require the two countries to abide by their commitments to certain multilateral environmental agreements (MEAs). It would also provide a mechanism to settle disputes and enforce environmental obligations.

Dispute Settlement: The agreement lays out a framework for dispute settlements that provides public hearings, public release of documents, and an open forum for third parties to submit comments.

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## ADDITIONAL VIEWS

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**Republican Leader John Boehner (R-OH):** "Any vote to delay the consideration of the Colombia Free Trade Agreement would violate the spirit of the law and undermine our ability to create more American jobs. Let me be clearer: it would be cheating. It would break a promise Democratic leaders made to the American people. Worse, such an action would wreak havoc on our international trade commitments and any future attempts to negotiate any agreement with a foreign nation. What nation would conclude a



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treaty with the United States knowing that Congress can change the rules of the game after it is negotiated?" ([Statement, 4/09/2008](#))

**Ways and Means Ranking Republican Jim McCrery (R-LA):** "Because Colombia already enjoys nearly duty-free access to the U.S. market under our one-way trade preferences, implementation of the trade agreement will not threaten the jobs of U.S. workers and will instead remove barriers into the Colombian market and create opportunities for U.S. companies, workers, and farmers." ([Statement, 4/07/2008](#))

**President Bush:** "During the 16 months since the Colombia free trade agreement was signed, my administration has worked closely with the Congress to seek a bipartisan path for considering the agreement. We held more than 400 consultations and meetings and calls. We led trips to Colombia for more than 50 members of the Congress. We worked closely with congressional leaders from both parties -- including the Speaker, Leader Hoyer and Chairman Rangel, Minority Leader Boehner, Ranking Member McCrery, and Senators Baucus and Grassley." ([Statement, 4/07/2008](#))

**Washington Post Editorial:** As we have said, the proposed pact is good policy for both Colombia and the United States. Colombia has long enjoyed periodically renewable tariff-free access to the U.S. market; the agreement would make that permanent. In exchange, U.S. producers would, for the first time, get the same tariff-free deal when they export to Colombia. Meanwhile, the agreement contains labor and environmental protections much like those that Congress has already approved in a U.S.-Peru trade pact. A vote for the Colombia deal would show Latin America that a staunch U.S. ally will be rewarded for improving its human rights record and resisting the anti-American populism of Venezuela's Hugo Chavez." ([3/31/08](#))

**USA Today Editorial:** Colombia would get nothing from it other than the permanent extension of the status quo. That's because most of its products already come into this country duty-free thanks to a decision two decades ago to promote legitimate businesses in an Andean region rife with cocaine...Most U.S. exporters to Colombia would see their tariffs, now ranging from 7% to 80%, slashed to zero. ([4/09/2008](#))

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## ADDITIONAL INFORMATION

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[U.S. Department of Commerce: U.S.-Colombia Trade Promotion Agreement](#)

[USTR: Colombia Free Trade Agreement](#)

[USTR: Numbers You Need to Know](#)

[U.S. Department of Agriculture: U.S.-Colombia Trade Promotion Agreement](#)

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## STAFF CONTACT

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